

4 August 2008

Acting Chairman
WAGE
C/- Wollombi General Store
Wollombi NSW 2325

Dear Mr Gough,

RE: Formation of Wollombi Valley Against Gas Extraction (WAGE)

I understand that you have recently formed the Wollombi Valley Against Gas Extraction (WAGE) to "lobby against the threat of the Sydney Gas / AGL partnership drilling for coal seam methane gas in the Wollombi Valley."

We respect your right to voice any beliefs you may hold about the coal seam gas energy sector or Sydney Gas as a company.

However, since we have had no contact from your organisation, we would like to extend the offer to provide your group with any information you may require. We would happily answer any questions, address any concerns, make presentations or meet with your appointed leaders.

I appreciate that you may be very anxious about exploration in your area, however there is a great deal of misinformation in the community and it is clearly alarming many people.

It is invaluable in these situations that there are open lines of communication between all parties to ensure accurate information.

In that spirit, if you would like Sydney Gas staff to attend or make a presentation at the information session on Saturday, August 9, we would be glad to do so. While your website states that the meeting is to "discuss our fight against Sydney Gas and AGL," we do not wish to create any hostility and we would be willing to be accountable and answerable to the community.

I must stress that we are not proposing gas production in the Wollombi Valley. We are drilling two ten centimetre core holes, one in Paynes Crossing and one at Wollombi. A core hole typically takes 12 weeks of activity, with the drill rig only being present for approximately eight weeks. Our exploration in the area is only of a temporary nature.

We would be happy for you to circulate this letter to your members and we will be making it available to other interested parties.

If you would like to discuss any aspects of exploration, forward questions or require Sydney Gas staff to attend any meetings our door is always open.

Yours sincerely,
SYDNEY GAS LTD



Mark Harper
General Manager